

Message Text

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PAGE 01 BERLIN 05983 130803Z
ACTION EUR-12

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PASS AGRICULTURE ELECTRONICALLY FOR FAS/G&F, OPD AND ITP
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E.O. 11652: N/A
TAGS: EAGR, GE
SUBJ: GDR TRADE IN SOYMEAL, GRAINS AND LEMONS

1. DURING RECENT VISIT OF AGATT TO LEIPZIG FAIR,
VARIOUS ASPECTS OF GDR AGRICULTURAL TRADE DISCUSSED.
KEY POINTS OF INTEREST FOLLOW:

2. DEMAND FOR SOYBEAN MEAL IN GDR WILL CONTINUE STRONG.
ALTHOUGH OFFICIAL AND TRADE CONTACTS CONTINUE TO SNIPE
AT RELIABILITY OF PROTEIN RATINGS OF U.S. SOYMEAL
SHIPMENTS, IMPRESSION GATHERED THAT SUCH COMMENTS NOT
BASED ON ANY RECENT CASES. ON OTHER HAND, SEVERAL TRADE
SOURCES SAY GDR OFFICIALS SERIOUSLY CONCERNED OVER DANGER
POSED BY REPORTED OUTBREAK OF AFRICAN SWINE FEVER (ASF)

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IN BRAZIL AND POSSIBILITY OF TRANSMITTAL IN SOYBEAN MEAL.
GDR VETERINARIANS REPORTEDLY UNWILLING TO ACCEPT BRAZILIAN
MEAL WITHOUT ASSURANCES CONCERNING THIS PROBLEM. ONE
SOURCE STATES THAT GDR MAY ACCEPT MEAL, WHICH APPARENTLY
TREATED AT SUFFICIENTLY HIGH TEMPERATURES TO INSURE
SAFETY, BUT WILL NOT PERMIT SOYMEAL PELLET IMPORTS.

3. WOULD APPRECIATE ANY INFORMATION AVAILABLE IN FAS BEARING ON REPORTED IMPACT OF ASF IN BRAZIL IN SOYMEAL EXPORTS. CAN ASF BE TRANSMITTED BY SOYMEAL?

4. ANOTHER REPORT HOLDS THAT FRG ANNOYED AT GDR SALES OF SOYBEAN MEAL TO DENMARK. THIS MEAL ORIGINALLY PURCHASED BY GDR FROM FRG AS PART OF INNER-GERMAN TRADE. FRG HAS REPORTEDLY RESTRICTED SOYMEAL SALES TO GDR TO 200,000 TO 300,000 M.T.

5. GDR REPORTEDLY ALSO SELLS GRAINS IMPORTED FROM NON-EC SOURCES AT WORLD PRICES TO EC MEMBERS AT COMMUNITY PRICES. ALTHOUGH SOME OPPOSITION OVER THIS REPORTED FROM EC MEMBERS, GENERAL BELIEF IS THAT SIZE OF SHIPMENTS NOT SUFFICIENTLY LARGE TO GENERATE EC OPPOSITION TO INNER-GERMAN ARRANGEMENTS.

6. DISCUSSIONS WITH HAMBURG TRADER HANDLING CALIFORNIA LEMONS REVEALED THAT THIS TRADE IS CONCENTRATED IN PERIOD MAY THROUGH SEPTEMBER AND AMOUNTS TO \$2 - \$3 MILLION PER ANNUM. DESPITE APPROXIMATE \$2 PER BOX HIGHER U.S. PRICE THAN LEMONS AVAILABLE IN MEDITERRANEAN COUNTRIES, AND DESPITE SPECIAL PROBLEM CAUSED BY POOR QUALITY THIS YEAR RESULTING FROM CALIFORNIA FLOODS, TRADER EXPECTS THAT GDR WILL CONTINUE TO BUY U.S. LEMONS.

7. ABOVE TRADER HANDLING LEMON EXPORTS AND ALL OF LIMITED OFFICIAL USE

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MAJOR GRAIN TRADERS CONTACTED ARE HEAVILY INVOLVED IN COMPENSATION ARRANGEMENTS WITH GDR UNDER WHICH WESTERN TRADERS ACCEPT WIDE VARIETY OF PRODUCTS, INCLUDING CHEMICALS, MACHINERY, AND CONSUMER GOODS, AS PART OF PAYMENT FOR U.S. AGRICULTURAL PRODUCTS. SPECIFIC EXAMPLE WAS PRESENCE OF BUYERS FROM SPAIN SEEKING PURCHASES OF GDR PRODUCTS AS COMPENSATION FOR EXPORTS OF GRAIN (ORIGIN NOT SPECIFIED). THESE ARRANGEMENTS APPLY SIMILARLY TO TRANSSHIPPED GRAIN (ARRIVING THROUGH HAMBURG) AND TO LEMONS WHICH ARRIVE DIRECTLY IN ROSTOCK. THUS, FRG IS RECIPIENT OF COMPENSATION EXPORTS FROM GDR EVEN THOUGH RELATED IMPORTED PRODUCT MAY ARRIVE DIRECTLY FROM UNITED STATES.

8. EXISTENCE OF THESE TRADE PRACTICES MAY EXPLAIN IN PART WHY GDR HAS NOT BEEN MORE CRITICAL THAN IT HAS OF IMBALANCE IN U.S.-GDR AGRICULTURAL TRADE. POLANSKY

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